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3) Prime Minister's schedule, November 29

NIKKEI (Page 2) (Full)
November 30, 2007

09:28

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Met at Kantei with METI Minister Amari and Vice METI Minister Kitabata.

10:01

Met with Welfare Minister Masuzoe. Met later with Lower House members Mitsuo Horiuchi and Yoshitaka Murata.

11:02

Met with Economic and Fiscal Policy Minister Ota.

13:00

Attended convention of the Central Federation of Societies of Commerce and Industry held in NHK Hall.

14:52

Met at Kantei with Chief Cabinet Secretary Machimura. Met afterwards with Internal Vice Defense Minister Masuda, followed by Deputy Chief Cabinet Secretary Futahashi.

16:07

Met Nikkei columnist Yasuhiro Tase at LDP headquarters to have a talk, which will be put in the party's organ paper's New Year's issue.

17:22

Met at Kantei with Internal Affairs Minister Masuda, followed by Vice Foreign Minister Yachi and Assistant Deputy Chief Cabinet Secretary Ando.

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19:26

Returned to his private residence Nozawa.

4) Upper House Defense Committee begins discussing new antiterrorism legislation

MAINICHI (Page 2) (Full)
November 30, 2007

The House of Councillors Foreign Affairs and Defense Committee began yesterday deliberating on the new antiterrorism special measures bill to resume the Maritime Self-Defense Force's refueling operation in the Indian Ocean. Given the arrest the previous day of former Administrative Vice-Defense Minister Takemasa Moriya, the session has taken on an aspect of pursuing suspicions involving the Defense Ministry. In the House of Representatives, deliberations were conducted at a special committee. The Upper House Foreign Affairs Committee is originally a venue to discuss diplomatic issues, such as North Korea policy. If the pursuit of allegations drags on, deliberations on mounting pending issues might be left behind.

"The matter of top concern was supposed to be what Prime Minister

Fukuda discussed with President Bush in the summit (on Nov. 15) regarding the abduction issue." Thus an Upper House Liberal Democratic Party member indicated that the committee is supposed to discuss such diplomatic issues as how the question of Japanese nationals abducted by the North was discussed at the summit and a response to the United States' move to delist North Korea as a state sponsor of terrorism.

The ruling camp intends to urge strongly the Democratic Party of Japan (Minshuto or DPJ) to come up with a counterproposal to the new antiterrorism legislation. The DPJ, however, is certain to find it

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difficult to produce a unified view. There is no prospect that the largest opposition party can submit a counterproposal to the Diet in the current session.

5) Proposal being floated for breaking Diet deadlock over new antiterrorism bill by using good offices of Lower House speaker and Upper House president; Ruling and opposition camps worried about early Lower House dissolution

NIKKEI (Page 2) (Excerpts)
November 30, 2007

In connection with a bill to resume the Maritime Self-Defense Force's refueling operation in the Indian Ocean, the notion being floated is to seek a breakthrough in the standoff by using the good offices of House of Representatives Speaker Yohei Kono and House of Councillors President Satsuki Eda. This is because the Dec. 15 closing of extended current Diet session is approaching with no prospect for a solution in sight. Due to the divided Diet, deliberations on the new antiterrorism bill have not been moved ahead, and all those involved appear to be concerned about public criticism of Diet management erupting.

Chief Cabinet Secretary Nobutaka Machimura stated in a press conference yesterday: "(Passing the bill before the end of the Diet session) is the highest priority." In the backdrop of his remark is the fact that an early resumption of the MSDF refueling operation has become Japan's commitment to the United States since Prime Minister Fukuda pledged it in his summit with President George W. Bush.

Meanwhile, Ichiro Ozawa, president of the main opposition Democratic Party of Japan (DPJ or Minshuto), when asked yesterday on a TV Asahi program about his view on the possible timing of a dissolution of the Lower House for a general election, replied y: "What will happen with the new antiterrorism bill will become the criterion for making a decision." When asked whether his party would submit a censure motion against the prime minister, he emphasized: "It depends on whether the (ruling camp) will ram the bill through the Diet by extensively extending the session."

Contrary to the standoff between the ruling and opposition camps, the fact that the two sides want to avoid an early dissolution of the Lower House has complicated the matter. The reason is that neither camp is fully prepared for the next Lower House election and able to read public opinion.

Against the backdrop of growing expectations for using the good offices of the Lower House speaker and Upper House president, there is a hidden motive that the occasion will propel the ruling and opposition blocs to find common ground. The Lower House speaker and Upper House president are expected to urge the secretaries general of the ruling and opposition parties to speed up deliberations on the new antiterrorism bill.

6) DPJ plunging into confusion over requiring Nukaga's testimony, and is now drawing fire from PNP; JCP admits decision was mistake

MAINICHI (Page 2) (Excerpts)
November 30, 2007

The opposition bloc previously unilaterally decided to demand Diet

testimony by Finance Minister Fukushima Nukaga and former Administrative Vice-Defense Minister Takemasa Moriya (in connection with the defense procurement scandal). The Japanese Communist Party admitted yesterday that this decision was a mistake, with the party's Diet Affairs Committee Chairman Keiji Kokuta saying, "The unanimity rule must be upheld." This has charged up the ruling camp, as seen in an Upper House Liberal Democratic Party executive's comment: "Such is natural. The Democratic Party of Japan will have to lower its fist and postpone the planned Diet testimony." The future of the planned Diet testimony over Nukaga's alleged presence at a dinner party, along with a former defense contractor executive, is becoming even murkier, fueled by the arrest of Moriya.

The Upper House Finance Affairs Committee has 25 directors: 13 seats going to the DPJ, 9 to the LDP, 2 to the New Komeito, and 1 to the JCP. Even if the JCP changes its stance, the decision will remain unchanged. The DPJ parliamentary group in the Upper House has 119 members. In order for it to secure a majority (122 persons), it needs the cooperation of the JCP (7) or the Social Democratic Party (5).

Although the JCP admitted the mistake, Chairman Kazuo Shii also indicated that if the testimony was to be conducted on Dec. 3., as scheduled, his party would not boycott it. At the same time, Shii said, "The Diet testimony should not be carried out forcibly." Shizuka Kamei, deputy representative of the People's New Party, which forms the Upper House parliamentary group with the DPJ, also told the press in a critical tone in the Diet building: "What would happen if the House of Representatives (which is controlled by the ruling bloc) unilaterally decided on Diet testimony? Such a thing should not be carried out in either chamber."

Given the situation, a senior DPJ Lower House Diet Affairs Committee member complained: "Discord among the opposition parties would make it difficult to conduct the planned Diet testimony." The DPJ initially planned to summon Nukaga and Moriya at the same time to let them lock horns over the gap in their views on Nukaga's presence at the dinner party. The DPJ's plan has now fallen through due to Moriya's arrest.

7) Some in ruling bloc cautious about re-extending the current session of Diet, out of concern for a possible dissolution of Lower House

MAINICHI (Page 5) (Excerpts)
November 30, 2007

Hirofumi Oniki

Coordination is underway in the government and the ruling parties, which are trying to enact into law during the current session of the Diet a new antiterrorism special measures bill, to re-extend the current Diet session, which is to close on Dec. 15. But some in the ruling bloc are against re-extending the session, out of fear that a re-extension of the Diet session could lead to dissolving the Lower House for a snap general election. With a confrontational mood growing between the ruling and opposition blocs as to whether to summon as witnesses to the Diet former Administrative Vice Defense Minister Takemasa Moriya, who was involved in the bribery case, and Finance Minister Fukushima Nukaga, who is alleged to have been present at a dinner party in dispute, it is becoming increasingly uncertain what will happen in the Diet in the days ahead.

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"There is no call for starting over again from the beginning. It's not too much to say that passing the (new antiterror bill) into law is an absolute must for the Fukuda cabinet," Chief Cabinet Secretary Nobutaka Machimura said at a press briefing yesterday and highlighted his resolve to enact the bill into law during the current Diet session.

Meanwhile, the major opposition Democratic Party of Japan (DPJ) and

other opposition parties have given priority to throwing light on the allegations involving Moriya and Nukaga. At a board meeting yesterday of the Upper House Committee on Foreign Affairs and Defense, the ruling coalition sought to start a question-and-answer session on Dec. 4, but the DPJ and other opposition parties insisted on questioning outside of the Diet suspect Motonomu Miyazaki, a former executive of the defense trading firm Yamada Corp. As a result, no agreement was reached between both sides.

With a growing confrontational mood between the ruling and opposition blocs, some in the ruling parties are becoming cautious about re-extending the Diet session in order to avoid the case of suddenly dissolving the Lower House for a snap general election as (DPJ President Ichiro Ozawa has mentioned) a "sudden dissolution of the Lower House." The ruling Liberal Democratic Party's (LDP) Tsushima faction's Chairman Yuji Tsushima noted at his faction's

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general meeting yesterday: "A budget bill must be created and passed. I hope (the prime minister) will keep this point in mind in managing the Diet." Tsushima thus indicated caution about broadly extending the Diet session on the grounds that another round of extension of the Diet session could affect the process of compiling a budget bill for 2008.

One senior member of the junior coalition partner New Komeito also noted, "The current Diet session should be closed as scheduled and then we should start over again from the beginning in the upcoming ordinary session of the Diet." Another senior New Komeito member suggested: "It may be a good idea to give time to the DPJ so that it can come up with a counterproposal."

8) LDP's Shoichi Nakagawa holds a charter meeting of group rallying together conservatives

MAINICHI (Page 5) (Excerpts)
November 30, 2007

Eriko Horii

The ruling Liberal Democratic Party's (LDP) former Policy Research Council Chairman Shoichi Nakagawa and other lawmakers yesterday held a charter meeting in the Diet of a new study group aimed at rallying conservative forces together. Joining the meeting were 23 LDP lawmakers and former Minister of Economy, Trade and Industry Takeo Hiranuma, who left the LDP in opposition to the privatization of the postal services. Ahead of the first meeting of the study group slated for Dec. 4, Nakagawa and Hiranuma were chosen as chairman and supreme advisor respectively. Because the core members of the study group are those lawmakers who backed up former LDP Secretary General Taro Aso in the September LDP presidential election, some in the LDP are alert to the move of the study group with one member saying, "The group may aim to discourage the Fukuda administration."

In the meeting, Nakagawa said: "We must not forget what all of us

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said several months ago 'we should do.'" He indicated his intention to work hard to translate such policies as revitalization of education into action in line with the "departure from the postwar regime" as called for by former Prime Minister Shinzo Abe. Nakagawa also noted: "I will give full support to Prime Minister Yasuo Fukuda and the party executives, including Secretary General Bunmei Ibuki."

The lawmakers who attended the founders' meeting were as follows:

LDP

House of Representatives members:

Yasuhide Nakagawa, Yasutoshi Nishimura, and Koichi Hagiuda from the Machimura faction; Taimei Yamaguchi and Toru Toida from the Tsushima faction; Yoshihisa Furukawa from the Yamasaki faction; Shoichi Nakagawa, Keiji Furuya, Toshio Kojima, Kiyoshi Ono and Kenta Matsunami from the Ibuki faction; Kentaro Sonoura from the Aso faction; and Yoshinobu Shimamura, Kenichi Mizuno, and Yoji Muto

from, who are not members of any faction.

House of Councilors members:

Nobuto Kishi and Shoji Nishida from the Machimura faction; Yoshio Nakagawa, Tsukasa Akimoto and Seiichi Eto from the Ibuki faction; and Yoshitada Konoike, Katsuhito Asano and Ichiro Tsukada from the Aso faction.

Independent

House of Representatives member: Takeo Hiranuma

9) Moriya may have given favors to Yamada subsidiary regarding GSDF equipment, forcing agency to conclude discretionary contract for price 300 million yen higher than plan

MAINICHI (Top play) (Excerpts)
November 30, 2007

It was discovered that former Administrative Vice-Defense Minister Takemasa Moriya, 63, who has been arrested on suspicion of taking bribes, in 2005 instructed his subordinate to procure devices for the Ground Self-Defense Forces' biological reconnaissance vehicles from a subsidiary of Yamada Corp., a trading house specializing in defense equipment. Moriya allegedly pressed the subordinate, who was trying to consider procuring the devices from a different trading firm, by telling him to conclude a discretionary contract with the Yamada subsidiary and forced the then Defense Agency to purchase them for over 1.5 billion yen, 300 million yen higher than the planned budget. Aware of the sequence of such events, the special investigation squad of the Tokyo District Prosecutors Office seems to be pursuing the case, believing that Moriya did a favor for Yamada in return for being treated to free golf.

The device is designed to detect biological agents, such as anthrax. According to sources familiar with the case, the GSDF and the former Defense Agency Planning Division decided in 2003 to purchase equipment made by Smiths Detection of Britain, for which Yamada's subsidiary Nihon U.I.C. was serving as the Japanese agent, and earmarked in its fiscal 2004 budget approximately 1.23 billion yen for four sets of the devices.

But in around November 2004, the subsidiary demanded a price hike, citing changes in design. As a result, the official in charge tried

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to look for products by a different manufacture. Learning of such a move, Moriya in around February 2005 told the official, "The decision has already been made, so why don't you conclude a discretionary contract?" The planned study was cancelled, and in March 2005 the agency concluded a discretionary contract for about 1.53 billion yen.

10) Moriya suspected of providing favors to defense contractor in connection with destroyer engine, suggesting procurement of GE-made product; Arranges meeting with executives of GE, responding to Miyazaki request

YOMIURI (Top Play) (Lead para.)
November 30, 2007

Yomiuri Shimbun has learned that Takemasa Moriya (63), the former administrative vice defense minister who was arrested on the charge of bribery involving procurement of defense equipment, once arranged a meeting with executives of General Electric of the US, which was a candidate supplier of engines for the Maritime Self-Defense Force's next-generation destroyer, responding to a request from Motonobu Miyazaki (69), former executive director of Yamada Yoko, a defense contractor. The meeting took place in December last year, a time when Miyazaki was maneuvering to become GE's agent, after leaving Yamada Yoko (to form his own company). After the meeting Moriya made a remark to his subordinates using a tone that could be taken as persuading them to introduce GE products. The special investigation squad of the Tokyo District Public Prosecutors Office is now investigating the case, suspecting that Moriya gave business favors to Miyazaki in return for his entertaining him with golf outings.

11) Yamada Yoko suspected of paying 100 million yen to organization headed by organization headed by member of defense policy clique in Diet: Paper recording payment for cooperation for receiving of order for disposing of poisonous gas shells

ASAHI (Top Play) (Excerpts)
November 30, 2007

Asahi Shimbun has obtained as of Nov. 29 a document indicating that Yamada Yoko, a trading house specializing in military procurement, paid a total of 900,000 dollars (approximately 100 million yen) as cooperation expenses to a US organization connected to Naoki Akiyama, permanent director of Japan-US Center for Peace and Cultural Exchange (Japan-US CPCE), in connection with the receiving of an order for the work of disposing of poisonous gas shells abandoned by the former Imperial Japanese Army. A Yamada Yoko source familiar with this circumstance said that Yamada Yoko prepared the document.

In connection with the alleged embezzlement of corporate funds by former Yamada Yoko executive director Motonobu Miyazaki (69), rearrested on suspicion of giving bribes to former Administrative Vice Defense Minister Takemasa Moriya (63), the special investigation squad of the Tokyo District Public Prosecutors Office is searching the office of the Japan-US CECE, where Miyazaki served as director until last year. Public prosecutors are reportedly keeping close tabs on the flow of funds involving the Japan-US CECE, where influential defense policy specialist lawmakers have served as director. Responding to a request for an interview by an Asahi Shimbun reporter, Akiyama replied in writing that there was no such payment. This news paper also sent a questionnaire in writing to

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Yamada Yoko, but there was no reply.

12) James Auer: Nukaga was not present (at dinner along with Moriya)

SANKEI (Page 5) (Full)
November 30, 2007

James E. Auer, a former U.S. Defense Department Japan Desk director, yesterday held a press conference at Liberal Democratic Party (LDP) headquarters in Nagatacho, Tokyo, in which he said that Finance Minister Fukushima Nukaga was not present at a dinner party along with former Vice Defense Minister Takemasa Moriya, which was held on Dec. 4 last year at the Japanese restaurant Hamadaya in Ningyocho, Tokyo.

Auer said that he was invited to the dinner by Keiichi Manda, director of the international relations association. He then stated: "I met Mr. Nukaga in his office but I have never had dinner, lunch, or breakfast with him."

Asked about Moriya's testimony before the Diet that Nukaga joined the dinner, Auer said: "I don't know about that. Why don't you ask Mr. Moriya?" As to the question of whether the topic of the procurement of defense equipment came up during the dinner, he stated: "My specialty is defense policy. So I don't know about equipment at all."

13) MSDF canceled plan to show Aegis ship to Chinese military due to U.S. protest

YOMIURI (Page 1) (Abridged)
November 30, 2007

The Maritime Self-Defense Force cancelled its plan to invite Chinese military personnel to tour its Aegis ship because of a protest from U.S. Forces Japan and others concerned, sources revealed yesterday. The Chinese military personnel are crewmen aboard a warship that is making a port call in Japan as part of defense exchanges between Japan and China. The MSDF planned to show the Kirishima, a 7,250-ton Aegis-equipped vessel, to the Chinese military. The U.S. military was concerned about the possibility of defense-secret leaks. The MSDF changed the plan to show a supply ship instead, and the tour

will take place this morning.

Japan and China held a meeting of their defense ministers in August, when the two countries agreed on a mutual visit plan for MSDF and Chinese naval vessels. As the first Chinese warship to visit Japan, the Shenzhen, a 6,000-ton missile destroyer of the Chinese navy with 350 crewmen onboard, arrived at Tokyo's Harumi pier on Nov. 28.

The Shenzhen is scheduled to stay in Japan until Dec. 1. The commanding officer and more than a dozen naval brass officers aboard the visiting Chinese warship are scheduled to visit the MSDF's Yokosuka District Headquarters in the city of Yokosuka, Kanagawa Prefecture, on the morning of Nov. 30. They had proposed visiting the Kirishima, which is homeported at Yokosuka base and belongs to Escort Flotilla 1, on the occasion of their Yokosuka visit.

USFJ and the U.S. Embassy in Tokyo learned of the visit plan on Nov. 28 and then inquired of the Defense Ministry and the Foreign Ministry about the plan and requested them to call it off, according

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to government sources. The Defense Ministry cancelled the Kirishima visit and decided to show the group the Tokiwa, a supply ship that returned home on Nov. 23 from its Indian Ocean refueling mission.

Commentary: U.S. distrusts Japan over confidentiality

In January this year, an information leakage incident was brought to light. In that event, an MSDF member assigned to Escort Flotilla 1, an MSDF unit based at Yokosuka, Kanagawa Prefecture, took out Aegis-related defense secrets without permission. The United States requested Japan to tighten information security. In August, the Japanese and U.S. governments concluded a general security of military information agreement (GSOMIA).

There were such circumstances in the past. Concerning the Chinese naval plan to visit an MSDF Aegis ship, a U.S. diplomatic source voiced a growing sense of distrust about Japan's optimistic awareness of information security. "The leakage of information about an Aegis ship became a problem," the source said. "That's why the United States is very nervous," the source added, "so it's absolutely unacceptable."

14) Gov't eyes creating new law to protect secrets

SANKEI (Page 2) (Abridged)
November 30, 2007

With an increasing number of technologies convertible for military use, the Ministry of Economy, Trade and Industry is planning to make a list of technologies that should not be transferred or publicized, officials said yesterday. METI will ask its advisory panel to discuss the plan. After that, the government will create a new law to protect secrets with increased penalties for public service personnel's leakage of secrets and tightened regulations for private-sector personnel. The government will present a bill to the Diet at its ordinary session in 2009.

Under the current legal system, criminal penalties are imposed on public service personnel and nuclear power companies that leak defense secrets or nuclear power plant protection secrets. Even in the case of those who leak confidential information about nuclear-related technologies that can be diverted to military use, they will be accused of breaching confidentiality under the National Public Service Law. They will only get one year or less.

In the case of leaking information about technologies in the private sector, there is no problem even if information concerning national security is leaked. METI will set up a study group involving scholars and corporate officials. The group will hold its first meeting today and will study ways to tighten regulations.

15) Japan intends to call for inclusion of uranium enrichment program in DPRK's declaration of its nuclear programs

YOMIURI (Page 2) (Full)

November 30, 2007

The government yesterday determined its attitude toward the planned meeting of the chief representatives to the six-party talks on the North Korean nuclear issue slated for early December. Regarding the focal issue of North Korea's declaration of its nuclear programs, Japan will make it the essential conditions for approval to include

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"extracted plutonium," "nuclear weapons," and "uranium enrichment program." The joint statement as agreed on in October of the six-party talks states that North Korea should disable its three nuclear facilities in Yongbyon and declare all its nuclear programs thoroughly and accurately by the end of December.

According to a senior Foreign Ministry official, the process of disabling the three nuclear facilities in Yongbyon, where plutonium, one material for nuclear bombs, had been extracted, is "going smoothly." So attention is now shifting to the contents of the declaration of nuclear programs. North Korea is expected to submit a list ahead of its declaration of its nuclear programs, but the North has reportedly expressed disapproval of including existing nuclear weapons in the declaration of nuclear programs. Also, the North has not officially admitted to an uranium enrichment program.

16) Japan-China environment fund to be set up to finance projects in place of yen loans

MAINICHI (Page 1) (Excerpts)
November 30, 2007

Beijing, Takuya Otsuka

It has been learned that the governments of Japan and China are looking into the possibility of setting up a joint fund to extend financial assistance for energy-conservation and environmental-protection projects in China. More than one Japan-China diplomatic source revealed the plan. Japan's yen loans have thus far financed environmental cooperation to China, but the scheme will end this fiscal year. Accordingly, the government will secure funds to finance projects with low profitability, as it is difficult for private banks to do so.

Tokyo and Beijing want to play up bilateral cooperation at the Lake Toya Summit to be held in Hokkaido next year, where global warming preventive measures will take the center stage. China's National Development and Reform Commission and the Japanese government are now undertaking coordination. They are expected to work out concrete proposals, including the size of the envisaged fund and their shares of funds by the time when Chinese President Hu Jintao visits Japan next spring.

Aforestation to prevent desertification and consolidation of sewerage systems are envisaged as projects eligible for financial assistance. The size of the planned fund is estimated to reach at least billions of yen. Chances are that if government-to-government talks on joint development of gas fields in the East China Sea make progress, projects related to the joint gas field development could also become eligible for financial assistance.

17) Global warming preventive measures: Government likely to reach agreement with Indonesia for first time, based on fund mechanism

SANKEI (Page 3) (Excerpts)
November 30, 2007

It was found on Nov. 29 that the government will likely reach an agreement with Indonesia shortly on financial assistance to that nation, based on the fund mechanism it has mapped out with developing countries working to come up with measures to prevent global warming in mind. The government will extend assistance valued

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at more than 10 billion yen in the form of yen loans for such

projects as boosting geothermal generation. It will formally announce the agreement at the 13th session of the Conference of the Parties to the Climate Change Convention (COP13) to be started on Bali, Indonesia, on Dec. 3. It wants to play up the fund mechanism to participating countries.

The fund mechanism was incorporated as one key proposal in Cool Earth 50, a strategy on climate change the government released in May. Under the fund mechanism, developing countries apply for assistance for their measures to prevent global warming and present programs to implement measures to prevent disasters caused by climate change and promote energy-conservation plans. The Japanese side then examines the propriety of the proposed measures and decides whether to finance them or not. The aim is to urge financially beleaguered developing countries to adopt sustainable global warming preventive measures. This is the first time for the government to reach an agreement based on the fund mechanism.

SCHIEFFER